MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

PAL0022 – BASIC ACCOUNTING FOR LAWYERS

(Foundation in Law)

5 JULY 2023
9.00 a.m – 11.00 a.m
(2 hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages excluding the cover page with 4 questions only.

2. Answer **ALL** questions.

3. Write your answers in the Answer Booklet.

QUESTION 1

Part A

During the financial year ended 31st December 2022, Jazz Ltd carried out work on its business property. Indicate which of the following is either capital expenditure or revenue expenditure.

a) Purchase of a new motor vehicle.
b) Cost of road tax for new motor vehicle.
c) Cost of road tax for existing motor vehicle.
d) Repair and maintenance of existing motor vehicle
e) Cost of painting business's name on new motor vehicle.
f) Purchase of replacement engine for existing motor vehicle.
g) Cost of changing interior look of new motor vehicle to increase carrying capacity.

(7 marks)

Part B

Jamin Sdn Bhd depreciates its equipment at the rate of 25% per annum, straight line method, for each month of ownership. The company bought two equipment for RM10,000 and RM8,000 by cheque on 1 January 2021 and 1 January 2022 respectively. The company sold the first equipment which had been bought on 1 January 2021 for the sum of RM6,000 by cheque on 31 December 2022. The financial year end of the company is on 31 December every year.

Required:

a) List **FOUR** main causes of depreciation. (4 marks)

b) Prepare the following accounts for 2021 and 2022:

i) Equipment account (7 marks)

ii) Accumulated provision for depreciation of equipment account (7 marks)

(Total: 25 marks)

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QUESTION 2

Part A

Alan Football Club had bank balance of RM6,000 on 1st January 2022. Following are receipts and payment information during the financial year ended 31 December 2022.

Receipts:	**Payments:**
1. Subscriptions at RM100 per annum were received from 200 members. 2. 3 members paid for the following year's subscription. 3. Locker fees received RM180. 4. Total donation collected from members RM650. 5. Grant from ministry of sports RM20,000. 6. The club had sold its fixtures and fittings for RM450 7. Rental received during the year was RM103,200.	1. The club paid RM1,500 for audit service. 2. Scholarships provided to excellent students cost RM30,000. 3. The total expenses incurred for the seminar held in September 2022 includes conference room rental RM3,500, brochures RM1,200 and speakers honorarium RM3,000. 4. The club pays insurance premium of RM2,424.

Required:

Prepare the receipts and payment account for the year ended 31 December 2022. (15 marks)

Part B

Tommy and Timmy have been in partnership and always share profits and losses 1:2. The net profit, before any distribution to the partners, amounted to RM75,000 for the financial year ended 31 December 2022.

i. They are entitled to a 5% per annum interest on capitals; Tommy having RM30,000 capital and Timmy RM40,000.
ii. They charged interest on drawings, Tommy being charged RM3,000 and Timmy RM1,000.
iii. Tommy is entitled to a salary of RM5,600.
iv. Cash drawings made by each of them is RM5,000 during the year.

Required:

Prepare Statement of Profit or Loss and Appropriation Account for the year ended 31 December 2022 showing how the net profit is being shared between the partners. (10 marks)

(Total: 25 marks)

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QUESTION 3

Part A

Alaf Bhd was incorporated on 1 January 2019. Alaf Bhd issued 4,000 units of ordinary share and 500 units of preference share. The preference shares are cumulative, RM100 par, with an 8% dividend rate. Alaf Bhd has not paid any dividends yet. In 2022, Alaf Bhd had its first profitable year, and on 1 December 2022, Alaf Bhd declared a total dividend of RM28,000.

Required:

a) Compute the amount of dividend to be paid to preference shareholders per year. (4 marks)

b) Compute the **total cumulative dividend amount** (for four years) to be paid to preference shareholders in 2022. (3 marks)

c) Compute the **total dividend amount** to be paid to ordinary shareholders in 2022. (3 marks)

d) Compute the amount of dividend to be paid **to each unit of ordinary share** in 2022. (3 marks)

e) Compute the amount of dividend to be paid **each year to each unit of preference share**. (2 marks)

Part B

The balances extracted from the books of Alif Bhd at 31 December 2022 was as follows:

	RM
10% Loan notes	30,000
Equipment at cost	80,000
Accumulated provision for depreciation of Equipment (1 January 2022)	16,000
Gross profit (31 December 2022)	250,000
Commission received	55,000
Wages and salaries	50,000
Rent expenses	5,500
Utilities expenses	28,000
Loan note interest	3,000

You are given the following additional information:

1. A depreciation charge is to be made on equipment at 10% per annum on cost.
2. Corporate tax of RM17,000 will be payable on the profit of the year.

Required:

Prepare the statement of profit or loss for the financial year ending 31 December 2022. (10 marks)

(Total: 25 marks)

Continued...

QUESTION 4

Part A

Indicate each of the following items as either a cash inflow (I) or outflow (O), and in which section (operating activities, investing activities or financing activities) of the statement of cash flows it would be reported.

Item	Inflow or Outflow	Section of the Cash Flow Statement
Example: increase in accounts receivable	O	Operating
1. Cash paid for supplies		
2. Repayment of a loan		
3. Cash purchase of office equipment		
4. Issuance of ordinary shares		
5. Payment of dividends		
6. Payment of tax		
7. Receipts from sales of non-current assets		
8. Dividend received from investments		
9. Interest received		
10. Decrease in account payables		

(10 marks)

Part B

The following information was extracted from Perdana Sdn Bhd.

Sales	RM 350,000
Gross profit	206,500
Net profit	115,000
Current asset	250,000
Current liability	200,000
Average total assets	875,000
Average total shareholders' fund	500,000

Required:

Based on the above information, calculate:

a) return on assets ratio (3 marks)
b) return on shareholder's fund (3 marks)
c) gross profit as percentage of sales (3 marks)
d) net profit as percentage of sales (3 marks)
e) current ratio (3 marks)

(Total: 25 marks)
End of Paper